



General Assembly

January Session, 2007

Raised Bill No. 6841

LCO No. 1445

* _____HB06841PH_INS031207_____*

Referred to Committee on Public Health

Introduced by:
(PH)

***AN ACT CONCERNING STANDARDS IN CONTRACTS BETWEEN
HEALTH INSURERS AND PHYSICIANS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2007*) (a) As used in this
2 section: (1) "Contracting health organization" means (A) a managed
3 care organization, as defined in section 38a-478 of the general statutes,
4 or (B) a preferred provider network, as defined in section 38a-479aa of
5 the general statutes; and (2) "physician" means a physician or surgeon,
6 chiropractor, podiatrist, psychologist or optometrist.

7 (b) Each contract for services to be provided to residents of this state
8 entered into, renewed, amended or modified on or after October 1,
9 2007, between a contracting health organization and a physician shall
10 include: (1) An explanation of the physician payment methodology,
11 the time periods for physician payments and the information to be
12 relied on to calculate payments and adjustments; (2) a requirement that
13 the contracting health organization provide each participating
14 physician prior to the effective date of the contract a copy of the fee
15 schedule that determines the physician's reimbursement and an
16 explanation of the methodologies used to establish the fee schedule; (3)

17 a prohibition against changing the fee schedule during the contract
18 period; (4) a prohibition against changing nonfee related aspects of the
19 contract without the written approval of the physician; (5) a definition
20 of "medical necessity" developed by the contracting health
21 organization based upon generally accepted standards of medical
22 practice; and (6) an independent external review process to resolve
23 disputes concerning physician payments and other contract disputes.

24 Sec. 2. (NEW) (*Effective October 1, 2008*) Each contracting health
25 organization shall annually contract with a person, firm or corporation
26 for a compliance audit of the contracting health organization's
27 activities during the preceding twelve-month period. The audit shall
28 determine whether the contracting health organization complied with
29 the provisions of section 1 of this act. The contracting health
30 organization shall submit the audit report to the Insurance
31 Department.

32 Sec. 3. (*Effective from passage*) (a) There is established a task force to
33 study contracts between contracting health organizations, as defined in
34 section 1 of this act, and physicians, as defined in section 1 of this act.
35 The task force shall study such contracts to determine whether
36 legislation should be enacted to address contracts that allow the
37 organizations to (1) make unilateral changes in such contracts, or (2)
38 reduce the level of service coded on a claim submitted by a physician
39 without conducting a reasonable investigation based on all available
40 medical records pertaining to the claim.

41 (b) The task force shall consist of the following members:

42 (1) Two appointed by the speaker of the House of Representatives;

43 (2) Two appointed by the president pro tempore of the Senate;

44 (3) One appointed by the majority leader of the House of
45 Representatives;

46 (4) One appointed by the majority leader of the Senate;

47 (5) One appointed by the minority leader of the House of
48 Representatives;

49 (6) One appointed by the minority leader of the Senate;

50 (7) The Insurance Commissioner, or the commissioner's designee;
51 and

52 (8) The chairpersons and ranking members of the joint standing
53 committee of the General Assembly having cognizance of matters
54 relating to insurance.

55 (c) Any member of the task force appointed under subdivision (1),
56 (2), (3), (4), (5) or (6) of subsection (b) of this section may be a member
57 of the General Assembly.

58 (d) All appointments to the task force shall be made no later than
59 thirty days after the effective date of this section. Any vacancy shall be
60 filled by the appointing authority.

61 (e) The speaker of the House of Representatives and the president
62 pro tempore of the Senate shall select the chairpersons of the task
63 force, from among the members of the task force. Such chairpersons
64 shall schedule the first meeting of the task force, which shall be held no
65 later than sixty days after the effective date of this section.

66 (f) The administrative staff of the joint standing committee of the
67 General Assembly having cognizance of matters relating to insurance
68 shall serve as administrative staff of the task force.

69 (g) Not later than January 1, 2008, the task force shall submit a
70 report on its findings and recommendations to the joint standing
71 committee of the General Assembly having cognizance of matters
72 relating to insurance, in accordance with the provisions of section 11-
73 4a of the general statutes. The task force shall terminate on the date
74 that it submits such report or January 1, 2008, whichever is later.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2007</i>	New section
Sec. 2	<i>October 1, 2008</i>	New section
Sec. 3	<i>from passage</i>	New section

PH***Joint Favorable C/R*****INS**